

Port Authority, Development Team to Build 1.3 Million-Square-Foot Office Tower Above Bus Terminal

Thursday, 29 November 2007

New York Governor Eliot Spitzer and the Port Authority today announced an agreement with a prominent New York City development team to build a major office tower above the Port Authority Bus Terminal, a transaction that is expected to generate approximately \$500 million over the term of the lease. The agency will use the funds to make major improvements to the bus terminal that will provide a better experience for commuters. The renovations will contribute to the revitalization of the west side of Manhattan and greatly expand passenger capacity.

Under the agreement — which will require approval of the Port Authority's Board of Commissioners — 20 X Square Associates, LLC, a joint venture of Vornado Realty Trust and Ruben Companies, will lease the air rights over the bus terminal's north wing.

The proposed air rights development will add approximately 1.3 million square feet of first-class office space to the terminal.

The redevelopment also will include:

- better pedestrian circulation with new escalators from gates to the ground floor;
- the renovation and creation of approximately 60,000 square feet of bus terminal retail;
- 18 new bus gates and upgraded existing gates, enabling an additional 70 buses containing approximately 3,000 bus passengers to be accommodated during each peak hour at the bus terminal, increasing the capacity by 18 percent; and,
- an improved and modernized appearance throughout the terminal.

In addition, the Port Authority is planning to build a new bus parking garage, located close to the bus terminal, that will reduce traffic congestion and noise, and improve the quality of life for the neighboring communities.

"This innovative solution secures the transportation dollars we desperately need to enhance the nearly 60-year-old bus terminal, expand capacity and meet the challenges of future trans-Hudson and regional travel," said Governor Eliot Spitzer. "A renovated bus terminal is central to our vision for a revitalized west side."

Congressman Jerrold Nadler said: "This is a great example of how effective urban planning can truly serve the public interest. This plan will help modernize the bus terminal, reduce congestion, and expand the area's available office space. All of these steps will benefit the public and my constituents. I applaud Governor Spitzer and the Port Authority for developing this agreement."

New York City Council President Christine Quinn said: "I am excited to see the Port Authority of New York and New Jersey move forward with this development that will generate crucial new revenue to add to our transportation infrastructure."

Port Authority Chairman Anthony R. Coscia said: "This is an example of the Port Authority leveraging its facilities to expand mass transit and satisfy the needs of its customers. It is a creative public-private partnership that will benefit the entire region. Along with projects to build a new trans-Hudson passenger rail tunnel and a new New York Penn Station, an upgraded bus facility will give west-of-Hudson commuters an improved gateway to the region's economic core."

Port Authority Executive Director Anthony E. Shorris said: "Today's action is a critical step in bringing more than a million square feet of prime, sustainable office space to the Times Square area, and acquiring money to make the first major improvements to the world's busiest bus terminal in more than 20 years. It also will help us to achieve our sustainability goals by providing funds for a new bus parking facility that will take idling buses off New York City streets. And this development proposal will provide our regular customers and those visiting New York for the first time with an exceptional experience every time they enter this world-class facility."

Deputy Mayor Daniel L. Doctoroff said: "Building much needed office space on the far west side that's easily accessed by mass transit is in keeping with the Bloomberg Administration's priorities and today's announcement fits with a much broader plan. In the coming years, in addition to office space, we will see an extension of the #7 train-line, new housing, increased open space and new parks, better retail and new hotel rooms in what will become one of the City's premier neighborhoods."

The agreement calls for 20 X Square Associates, LLC, to lease the air rights over the terminal's north wing for a term of 99 years. The overall rental value to the agency is in excess of \$500 million in rental payments for the 1.3 million-square-foot building. The Port Authority also will share in the net income of 20 X Square Associates, LLC's development. Under terms of the agreement, 20 X Square Associates, LLC, must create a LEED-Gold certified building for its core and shell. Construction could begin in 2009 and be completed by 2013.

The agreement brings to an end seven years of ongoing efforts to undertake a major redevelopment of the bus terminal and its related amenities.

The Port Authority's updated 2007-2016 \$29.5 billion Capital Plan includes \$545 million to build a new bus garage near the bus terminal that will increase capacity and keep buses off already clogged city streets. The agency also is exploring physical improvements and critical building systems of the bus terminal to assess the facility's future needs.

The Port Authority Bus Terminal opened in 1950 and has become the busiest bus passenger facility in the world, handling 7,000 buses and 200,000 commuters each day. It includes 223 bus gates, retail and commercial space, and public parking for 1,250 vehicles. It provides bus service for travel in the New York-New Jersey region, as well as long distance service to almost any point in the United States, Canada and Mexico. Since it opened, more than three billion passengers have used the bus terminal.

###